

# ANSWERS TO FREQUENTLY ASKED QUESTIONS REGARDING HEALTH CARE REFORM LEGISLATION

*Updated March 25, 2010*

**Question:** *Will health care reform force all Americans out of their private insurance plans and into a government run plan?*

**Answer:** No. If you like your insurance, nothing in the law requires you to change it. The Patient Protection and Affordability Act builds on the employer based coverage we have today. If your employer offers health coverage, you will continue to be able to receive coverage through them. If your employer does not offer health coverage, beginning in 2014 you will be able to purchase health coverage through an “exchange”, or one-stop clearinghouse, which will offer a variety of private health insurance plans.

**Question:** *What is the exchange?*

**Answer:** The exchange is a clearinghouse for all insurance plans. To be a part of it and compete for customers, an insurance plan must contain a basic minimum of benefits such as prescription drugs, pediatric services, preventative and wellness services and mental health and substance abuse services. Information on coverage and benefits must be clearly listed beside each plan in easy-to-understand language. The exchange will bring information that is currently scattered, giving consumers an opportunity to make informed decisions about what plan works best for them. Beginning in 2014, each state will have the option of setting up an exchange. If a state opts not to set up an exchange, the federal government will set one up in its place.

**Question:** *Will my Medicare coverage change?*

**Answer:** The only changes in coverage Medicare beneficiaries will see are two significant improvements to the program that seniors have long asked for. First, beginning in 2011, the bill will cover 100 percent of the cost of preventative care, such as annual check-ups, mammograms and other preventive tests. Second, the bill ensures that seniors will save money on their prescription drugs by phasing in a complete fix for the “donut hole” in the Medicare prescription drug benefit (where drug costs are not reimbursed at certain levels). This year, seniors who hit the donut hole will receive a \$250 rebate check from the federal government. The donut hole will be completely phased out in 2020.

**Question:** *Does the bill eliminate my Medicare Advantage?*

**Answer:** No. Currently the federal government is overpaying insurance companies that offer Medicare Advantage plans by an average of 14 percent. The legislation will scale back these overpayments and require Medicare Advantage plans to spend at least 85 percent of their revenue on clinical services and activities that improve quality of care.

**Question:** *Will my TRICARE or VA care change?*

**Answer:** No. TRICARE and VA care are exempt from the legislation. The VA and TRICARE programs will not be affected by the bill.

**Question:** *Are members of Congress exempt from changes that are being proposed for the rest of the country?*

**Answer:** No. Members of Congress and their staff members must join the exchange.

**Question:** *Will this plan lead to rationing of care?*

**Answer:** No. Health care decisions should be between a patient and their doctor. The legislation specifically forbids any studies or research from being used to either mandate or deny care to a patient. The legislation significantly increases research funding to gather data about what procedures are most effective in order to give doctors the best possible information when treating their patients.

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**Question:** *What if I can't afford to purchase health insurance? Won't it be mandatory under the legislation?*

**Answer:** Beginning in 2014, every American will be required to have health coverage. Medicare recipients will continue to receive Medicare benefits, as will those receiving TRICARE and VA benefits. The lowest income Americans will continue to receive Medicaid benefits. Those Americans who earn up to 400 percent of the federal poverty level (\$88,200 for a family of four) will receive tax credits to help them purchase insurance. Those closest to the poverty level will receive the most assistance, while those closest to 400 percent will receive the least. Failure to purchase even the most basic health insurance policy will result in a penalty of \$95 per uninsured individual for 2014, \$325 for 2015, \$695 for 2016 and subsequent years (or, up to 2.5 percent of income in 2016). Families will pay half the amount for children, up to a cap of \$2,250 per family. Hardship waivers will be available for those Americans who, even with federal subsidies, are still unable to afford insurance.

**Question:** *Will I go to jail if I don't have health insurance?*

**Answer:** No. The bill requires individuals to obtain health insurance coverage or pay a penalty (see previous question). The bill specifically prohibits the IRS from confiscating taxpayer assets, from using liens or levies, or imposing criminal penalties of any kind — including jail time — because of a lack of health care coverage.

**Question:** *Will the proposed legislation provide free health care to illegal immigrants?*

**Answer:** No. The bill prohibits illegal immigrants from receiving taxpayer assistance for health care coverage. It goes further by prohibiting illegal immigrants from even buying health insurance with their own money in the exchange.

**Question:** *Does the bill provide federal funding for abortion?*

**Answer:** No. On March 24, 2010, President Obama signed an executive order that has the full force and effect of law making clear that current law of no federal funding for abortion applies to the new health care reform legislation.

**Question:** *Will all small businesses be forced to provide coverage to their employees?*

**Answer:** The bill exempts all small businesses with fewer than 50 employees from providing health insurance to their employees (96 percent of small businesses fall into this category). Beginning in 2014, employers with more than 50 employees that do not offer health insurance coverage will pay an assessment of \$2,000 per full-time worker if any of their employees obtain tax credits through the exchange. However, to avoid disincentives to hire an additional employee above 49 employees, the bill subtracts the first 30 employees from this payment calculation.

**Question:** *Can our country afford health insurance reform?*

**Answer:** The cost of health care is rising exponentially, far outpacing inflation. We simply cannot afford to maintain the status quo. If we do nothing to curb health care costs, by 2019 we will be spending one out of every \$5 dollars on health care. The longer we wait, the more it will cost to fix our broken health care system. A Congressional Budget Office (CBO) review of the legislation found that it does not add to the federal budget deficit.

**Question:** *Will insurance companies be able to drop patients who have pre-existing conditions?*

**Answer:** No. Beginning in September insurance companies will be prohibited from discriminating against children based on preexisting conditions. Beginning in 2014 insurance companies will be prohibited from discriminating against anyone based on preexisting conditions. The practice of rescission (where insurance companies drop a patient once they become ill) will also be banned beginning in September.